



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 3/7/2001

GAIN Report #JA1507

Japan

Market Development Reports

Food Business Line

Periodic Press Translations from ATO Tokyo

2001

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Report Highlights: A summary of current news reports in America's largest food and agricultural export market as translated from Japan's mass media and food press. This issue's highlights include: JUSCO to open 10 new stores in 2002; on-line supermarkets and the unique services they offer are increasing; Japan Tobacco closes Burger King operations in Japan; wholesale prices of fresh vegetables have been increasing; and Health Exposition 2001, the largest health products show in Asia, will be held March 15-17 in Tokyo.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Tokyo ATO [JA2], JA



Food Business Line

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Vol I, Issue 6 February 2 - 16, 2001

Wholesale/Retail

- *JUSCO* plans to open 10 new stores in 2002, to be located inside large-scale shopping malls in areas including Nagoya and Kagawa Prefecture in Western Japan. *Jusco* is the first of the large national retailers to announce such plans for new store development under the new large-scale retail store law. (b 2/8)
- On-line supermarkets and the unique services they offer are increasing. For example, *Seiyu* will start accepting orders on-line through *NTT Docomo*'s "i-mode" mobile telephone internet service. In addition, *e-Convenience*, a new subsidiary of the *Uny* group, will expand their delivery service to include leaving perishable orders in refrigerated containers for customers who are not home at the time of delivery. (a 2/5)
- *Seiyu* plans to renovate 30 of its supermarkets in the Kanto region, starting in February 2002. (b 2/8)
- *Seiyu* announced on February 13 that Mr. Watanabe, the current president of *Seiyu*, will become chairman and Mr. Kiuchi will become the company's new president. (a 2/14)

Food Service

- On March 5, *Japan Tobacco* announced it will close its *Burger King* franchise business in Japan at the end of March and transfer those operations and property to the *Lotteria* fast food hamburger chain. (f 2/12)
- According to the *Food Service Industry Research Center*, the size of the Japanese food market is estimated at 72 trillion yen (roughly \$654 billion) in 1999, with retail food sales for meals eaten at home (*naishoku*) accounting for 53%, food service (*gaishoku*) accounting for 39%, and in-between food sales (*nakashoku*) accounting for 8% of the total. While the overall food market declined by less than one percent from 1998 to 1999, *naishoku* sales in general have been declining over the past several years as *nakashoku* and *gaishoku* have been increasing. (c 2/5)

Food Processing/New Products/Market Trends

- Wholesale prices of fresh vegetables in Japan have been rising since the end of January due to cold weather and limited sunshine. Cabbage and lettuce are about 1.6 times the price of this time last year. As a result of pressure from retailers and food service companies, such as *Ito-Yokado* and *McDonald's*, to keep prices low despite this situation, wholesalers are facing a serious cut in profits. (a 2/14)
- Due to excess inventory left over from 1999, *Mercian* will reduce the price of the *Robert Mondavi* line of "Woodbridge" wines from California, as well as other mid-priced French wines to around 1,000 yen per bottle. (e 2/2)
- To increase competitiveness, *Nichirei* announced plans to further develop cooperation with the world's number one companies. For example, it will cooperate with *Cargill* in the area of processed chicken products, and with *J.R. Simplot* in the area of frozen vegetables. (e 2/7)

- Starting this February, *Nikken Food* will begin importing organic beef from Colorado-based *Coleman Natural Products*. (c 2/7)
- Major food manufacturers, such as *Glico*, *Nichirei*, and *Nisshin Seifun*, are starting to sell health-oriented food products. They plan to sell products such as low-calorie curry and pasta sauces, as well as cholesterol-reducing cooking oil. (a 2/7)

ATO/Cooperator/Competitor Activities/Trade Shows

- "Health Exposition 2001," the largest health business show in Asia, will be held March 15-17 at Tokyo Big Site. Various health-related products, such as health and natural foods, natural cosmetics, home fitness products, and diet foods, will be exhibited. (e 2/12)
- The first study meeting of the *European Organic Food Products Promotion Association* was held at the French Embassy on January 18. (c 1/29)
- *Sunkist Growers* held a "Sunkist Healthy Smile Award 2001" at the Hotel Pacific Tokyo on January 25 to promote the health effect of oranges on a healthy smile. *Sunkist* selected four award recipients, including the recent gold medalist in Judo at the Sydney Olympics. (c 2/5)
- The *Alaska Seafood Marketing Institute* held a seafood lunch party in Sendai on January 23. One hundred people were selected to be invited to the event from visitors to the "Natural Alaskan Seafood Fair" held last December at 42 *Co-op* stores in Sendai. (c 2/5)
- *ATO Tokyo* held the "Sapporo American Food Expo 2001" at the Sapporo Park Hotel on February 2, with 35 exhibitors and about 300 attendees. This year, hotel restaurant menus were also exhibited, drawing the attention of many food service participants. (c 2/9)
- *ATO Osaka*, the U.S. Consulate General in Osaka, and the *US Meat Export Federation* will support the *Friendly* family restaurant chain's "Great American Fair" from March 6 through May 14. (f 2/12)

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Sources

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| (a) The Japan Economic Newspaper | (b) The Nikkei Marketing Journal |
| (c) The Japan Food Journal | (d) The Beverage & Food News Commentary |
| (e) The Japan Food News | (f) The Food Industry News |

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